

PREFACE

121 THE object of the series of publications, of which the present volume is the second (the first, *The Balkan States, I. Economic*, was published in 1936 and the third, *The Scandinavian States*, will be published shortly), is to provide within deliberately restricted limits a concise, and at the same time relatively comprehensive, review of the historical background, political and economic development and structure, and foreign relations of the countries in the regions with which they deal.

The grouping together of the three Baltic States is to some extent arbitrary, since, although they share much in common, and although for geographical, historical, and social reasons many of their problems are the same, they form what are essentially three separate and distinct national groups. Their differences are at least as striking as their similarities.

105 Racially, although there is relationship between the Lithuanians and Latvians, there is none whatever between either of these peoples and the Estonians, whose language and culture approximate to those of Finland. As regards religion, the Lithuanians are almost entirely Roman Catholic; the Latvians and Estonians are mainly Protestant. Estonia and Latvia look to the Baltic, and have maritime and fishing interests; Lithuania is almost entirely an inland and agricultural country—her only port (Klaipeda, or Memel) has a preponderant German population. Tartu (Dorpat) in Estonia and Riga in Latvia are educational and cultural centres of long tradition. There is no comparable centre in Lithuania, since Vilna is in Polish possession. Thus, it may be said, without unfair implication, that politically, culturally, and industrially both Latvia and Estonia have reached a more advanced stage of development than Lithuania. Moreover, the progress of the two former States has not been retarded by difficult and at times serious disputes with their neighbours, such as Lithuania's conflicts with Poland in regard to Vilna, and Germany in regard to Memel; further, Lithuania has never possessed manufacturing industries of any great importance, and is still dependent on agriculture and timber; whereas Estonia and Latvia are relatively more advanced industrially, largely owing to the economic structure developed when they formed important industrial centres in the Russian Empire.

Again, in the matter of communications Lithuania was less well served than the other two States, for, until the seizure of Memel in 1923, she had no port under her control, and even after that date no

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439 In regard to foreign trade, the predominant share of the United Kingdom and Germany will at once attract attention. For the Baltic States the United Kingdom represents an overwhelmingly important export market for dairy produce, bacon, and timber—almost as important relatively as the British market is to Denmark. The same, though to a lesser degree, is true of Germany. For both these countries the Baltic States offer a valuable market for manufactured goods. The struggle for this market has been keenly contested, with the advantage in favour of Germany until 1934, when the new British Trade Agreements redressed the balance in favour of the United Kingdom.

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642 In the political sphere, a phenomenon which cannot escape attention is the transformation from the ultra-democratic Constitutions promulgated in 1920 to dictatorial régimes, which appear to be groping towards some new organization of the State upon a corporative basis. In Estonia, however, since the promulgation of the new Constitution, an evident effort is being made to return to democratic government.

● 121 The economic chapters have been specially prepared for the Information Department, and have been divided into two main parts, the first dealing with the structure and development of the three States up to the crisis of 1931, the second describing the effects of the crisis upon their economy and their successful efforts to fight their way back to recovery.

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